

Hearing Date: October 27, 2011 10:00 a.m.
Objection Deadline: October 13, 2011 4:00 p.m.

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:	§	Chapter 11
	§	
LEHMAN BROTHERS HOLDING INC.,	§	Case No. 08-13555 (JMP)
	§	
Debtor.	§	

**RESPONSE OF SHELL TRADING INTERNATIONAL LIMITED TO DEBTORS’
ONE HUNDRED EIGHTY-SIXTH OMNIBUS OBJECTIONS TO CLAIMS**

Shell Trading International Limited (“STIL”) files this Response to the Debtors’ *One Hundred Eighty-Sixth Omnibus Objection to Claims (Misclassified Claims)* (the “Claim Objection”) and states as follows:

Background

1. STIL entered into that certain ISDA Master Agreement (as amended, the “Master Agreement”) with Lehman Brothers Commodity Services Inc. (“LBCS”), dated October 16, 2006. LBCS’s parent, Lehman Brothers Holdings Inc. (“LBHI,” and collectively with its debtor affiliates, the “Debtors”), provided a guaranty of LBCS’s payment obligations under the Master Agreement and served as the Credit Support Provider.

2. On September 15, 2008, LBHI filed its voluntary petition for relief under chapter 11 of the U.S. Bankruptcy Code. On October 3, 2008, LBCS filed its own voluntary petition under the Bankruptcy Code.

3. Because LBHI served as Credit Support Provider under the Master Agreement, the LBHI bankruptcy filing constituted an Event of Default under Section 5(a)(vii) of the Master Agreement.

4. Exercising its rights under (*inter alia*) section 560 of the Bankruptcy Code and Section 6(a) of the Master Agreement, STIL provided LBCS with its notice of termination (the “Termination Notice”) of the Master Agreement on September 16, 2008. The Termination Notice established September 16, 2008 as the Early Termination Date of the Master Agreement.

5. On September 21, 2009, STIL filed proof of claim number 26243 (“Claim 26243”). Claim 26243 asserts a secured claim against LBCS in the amount of \$14,030,383.40.

6. On September 9, 2011, the Debtors filed the instant Claim Objection. In the Claim Objection, the Debtors assert that Claim 26243 “do[es] not articulate any valid basis for treatment as a secured claim.” Claim Objection, ¶ 9. It further states: “many of the Misclassified Claims assert secured status based upon a reservation of a right of setoff pursuant to section 553 of the Bankruptcy Code; however, such Misclassified Claims do not disclose the obligation owed to the Debtors by such claimant that are subject to setoff or actually assert any basis for a setoff.” *Id.* The Claim Objection therefore proposes to reclassify Claim 26243 as an unsecured claim.

Response

7. As set forth more fully in the Brief (as defined below), which is hereby incorporated by reference, STIL disputes the Debtors’ assertions in the Claim Objection, and re-asserts that the proper classification of Claim 26243 is as a secured claim. Contrary to the assertions in the Claim Objection, STIL included ample detail and documentary support for the

setoff rights that secure its claim. Accordingly, the Claim Objection should be overruled with regard to Claim 26243.

8. To the extent necessary, STIL requests a full evidentiary hearing pursuant to Rule 9014(e) of the Federal Rules of Bankruptcy Procedure and Rule 9014-2 of the Local Rules of Bankruptcy Procedure (the "LBR") to determine the proper amount and status of the Claims.

9. Pursuant to LBR 9013-1(b), STIL will file Memorandum of Law (the "Brief") in opposition to the Claim Objection substantially contemporaneously with this Response.

WHEREFORE, STIL respectfully requests that the Court (a) overrule the Claim Objection as it pertains to Claim 26243, and (b) grant STIL such further relief as the Court deems just.

Dated: October 13, 2011
Houston, Texas

SUTHERLAND ASBILL & BRENNAN LLP

By: /s/ Paul B. Turner

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